

VENPOWER LIMITED

Annual Report

JUNE 30, 1973

VENPOWER LIMITED

P.O. BOX 288, TORONTO-DOMINION CENTRE, TORONTO, CANADA

Directors P. J. M. BLOEMEN - - - - - Oakville

L. G. BUDD - - - - - Toronto

J. D. GROUND, Q.C. - - - - - Toronto

B. L. MURGATROYD - - - - - London, England

J. E. SANDS - - - - - Toronto

Officers P. J. M. BLOEMEN - - - - - *President*

J. E. SANDS, C.A. - - - - - *Vice-President and Treasurer*

J. D. GROUND, Q.C. - - - - - *Secretary*

L. G. BUDD, *Barrister & Solicitor* - - - - - *Assistant Secretary*

Transfer Agent & Registrar CANADA PERMANENT TRUST COMPANY 1901 Yonge St., Toronto

Solicitors OSLER, HOSKIN & HARCOURT - - - 4 King St. West, Toronto

Auditors ERNST & ERNST - - - 700 Commerce Court East, Toronto

Listing TORONTO STOCK EXCHANGE - - - 234 Bay St., Toronto

The President's Report to the Shareholders of Venpower Limited

As already known to you, your company has concluded that its efforts to find investments in the United Kingdom and Europe should be terminated for a number of reasons including advice received from the company's banker, the reduction which has occurred in the value of the available cash resources of the company in relation to European currencies and the uncertain international financial climate. Accordingly, at a Special General Meeting of Shareholders held on the 27th day of April, 1973 the Shareholders approved the termination of the employment of both Arthur G. Williams and Lawrence F. Barnett and the cancellation of their options and deferred purchase plans for shares in the company.

At the same meeting the Shareholders approved the cancellation of all obligations of Atlantic Sugar Refineries Co. Limited to subscribe for 1,000,000 shares.

The office in London has subsequently closed and the subsidiary companies in Venezuela have been disposed of.

As a result, the net loss for the year ended June 30, 1973 was \$200,766, equivalent to a loss of 6.8¢ per share compared to net earnings of \$53,457 or 1.9¢ per share in 1972.

On June 28th, 1973 approximately 48.5% of the shares of the company were purchased by Trucena Investments Limited, of Toronto, a Canadian private investment company established in 1969, from The Glengair Group Limited (now Jannock Corporation Limited). Trucena is a member of the Dutch Brenninkmeyer family group of companies, which includes a multiple merchandising store chain and a number of investment companies. Present management has not decided on any specific investment for Venpower. Pending this decision, the liquidity of the company will be deployed in order to obtain a maximum yield consistent with the preservation of the capital value of the company's funds.

Submitted on behalf of the Board

P. J. M. BLOEMEN,
President and Director.

To the Shareholders,
VENPOWER LIMITED.

We have examined the balance sheet of Venpower Limited as at June 30, 1973 and the statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company at June 30, 1973 and the results of its operations and source and application of its funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

July 4, 1973.

ERNST & ERNST,
Chartered Accountants

VENPOWER LIMITED

(Incorporated under the Laws of Canada)

BALANCE SHEET

ASSETS

	1973	June 30 1972
Cash - - - - -	\$ 93,508	\$ 101,313
Short-term deposits- - - - -	2,738,849	2,747,606
Marketable securities, at cost (approximate market value: \$643,250—1973; \$746,735—1972)-	693,750	783,235
Accrued interest and sundry accounts receivable - - - - -	53,630	55,776
	<u>\$3,579,737</u>	<u>\$3,687,930</u>

LIABILITIES

Accounts payable - - - - -	\$ 4,970	\$ 3,423
Foreign income taxes - - - - -	—	76,888
	<u>4,970</u>	<u>80,311</u>

SHAREHOLDERS' EQUITY

Capital stock—Note C		
Authorized: 10,000,000 (5,000,000—1972) shares without par value		
Issued and fully paid:		
2,985,511 shares (2,885,511—1972) - - - - -	2,968,070	2,848,070
Contributed surplus, cash contributed by parent company during the year - - - - -	47,914	—
Retained earnings - - - - -	558,783	759,549
	<u>3,574,767</u>	<u>3,607,619</u>
	<u>\$3,579,737</u>	<u>\$3,687,930</u>

APPROVED ON BEHALF OF THE BOARD:

P. J. M. BLOEMEN, Director

J. E. SANDS, Director

See notes to financial statements.

VENPOWER LIMITED

(Incorporated under the Laws of Canada)

STATEMENT OF EARNINGS

	Year ended June 30	
	1973	1972
Revenue:		
Sale of power - - - - -	\$ —	\$ 414,716
Interest - - - - -	221,790	170,235
	<u>221,790</u>	<u>584,951</u>
Expenses:		
Operating and administrative - - - - -	186,275	285,303
Provision for depreciation - - - - -	3,312	157,962
Legal fees - - - - -	12,278	8,859
	<u>201,865</u>	<u>452,124</u>
EARNINGS BEFORE INCOME TAXES AND EXTRAORDINARY ITEM - - - - -	19,925	132,827
Income taxes:		
Current - - - - -	—	19,614
Deferred - - - - -	10,000	23,000
	<u>10,000</u>	<u>42,614</u>
EARNINGS BEFORE EXTRAORDINARY ITEM - - - - -	9,925	90,213
Extraordinary item—Note D - - - - -	210,691	36,756
NET EARNINGS (LOSS) FOR THE YEAR - - - - -	<u>\$ (200,766)</u>	<u>\$ 53,457</u>
Basic earnings per common share (weighted average):		
Before extraordinary item - - - - -	.3¢	3.1¢
Net earnings (loss) for the year - - - - -	(6.8)	1.9

STATEMENT OF RETAINED EARNINGS

	Year ended June 30	
	1973	1972
Retained earnings at July 1 - - - - -	\$ 759,549	\$ 706,092
Net earnings (loss) for the year - - - - -	(200,766)	53,457
RETAINED EARNINGS AT JUNE 30 - - - - -	<u>\$ 558,783</u>	<u>\$ 759,549</u>

See notes to financial statements.

VENPOWER LIMITED

(Incorporated under the Laws of Canada)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Year ended June 30	
	1973	1972
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SOURCE OF FUNDS:		
From operations:		
Net earnings (loss) for the year - - - - -	\$ (200,766)	\$ 53,457
Provision for depreciation - - - - -	3,312	157,962
Profit on disposal of fixed assets - - - - -	(1,936)	(401,881)
Organization and financing expenses - - - - -	—	162,170
	<hr/>	<hr/>
	\$ (199,390)	\$ (28,292)
Proceeds from sale of fixed assets - - - - -	29,291	2,407,206
Proceeds from issue of capital stock - - - - -	120,000	—
Increase in contributed surplus - - - - -	47,914	—
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	(2,185)	2,378,914
APPLICATION OF FUNDS		
Additions to fixed assets - - - - -	30,667	300
Decrease in unrealized foreign exchange - - - - -	—	8,224
Decrease in employees' severance indemnities - - - - -	—	66,354
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	30,667	74,878
INCREASE (DECREASE) IN WORKING CAPITAL - - -		
	(32,852)	2,304,036
Working Capital, July 1 - - - - -	3,607,619	1,303,583
WORKING CAPITAL, JUNE 30 - - - - -	<hr/>	<hr/>
	\$3,574,767	\$3,607,619

See notes to financial statements.

VENPOWER LIMITED

(Incorporated under the Laws of Canada)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1973

NOTE A—COMPARABILITY OF FINANCIAL STATEMENTS

On June 28, 1973, the Company sold its subsidiary companies, which subsidiaries have been inactive since December 1, 1971, the date of sale of the operating assets of the subsidiaries.

The amounts shown for the year ended June 30, 1972 include subsidiary companies whereas those for the year ended June 30, 1973 are of the parent company only.

NOTE B—TRANSLATION OF FOREIGN CURRENCY

United States dollars have been converted at par.

NOTE C—CAPITAL STOCK

1. The authorized capital of the Company was increased by supplementary letters patent dated October 30, 1972 from 5,000,000 shares to 10,000,000 shares without nominal or par value.

2. During the year, the Company allotted and issued to each of two senior officers of the Company 50,000 shares for cash of \$1.20 per share.

NOTE D—EXTRAORDINARY ITEM

Remuneration paid to two senior officers on termination of employment	- -	\$150,000
Write-off of investment in certain subsidiaries acquired during the year	- -	65,000
Loss on sale of subsidiaries	- - - - -	7,627
Profit on sale of fixed assets purchased during the year	- - - - -	(1,936)
		<u>220,691</u>
Reduction of deferred income taxes for the year	- - - - -	(10,000)
TOTAL	- - - - -	<u>\$210,691</u>

NOTE E—LOSSES CARRIED FORWARD

Losses available for application against future taxable income are approximately as follows:

<u>Expires</u>	<u>Amount</u>
June 30, 1974	\$143,000
June 30, 1978	127,000
TOTAL	<u>\$270,000</u>

NOTE F—REMUNERATION OF DIRECTORS AND OFFICERS OF VENPOWER LIMITED FROM ALL SOURCES

	<u>1973</u>	<u>1972</u>
Paid to 6 officers as officers, 4 of whom were also directors	- - \$240,000	\$22,000

The amount for 1973 includes \$150,000 reflected as an extraordinary expense (see Note D). No payments were made to the directors as directors.

